



## POSTAL REGULATORY COMMISSION

### 39 CFR Part 3050

[Docket No. RM2021-3; Order No. 5847]

#### Periodic Reporting

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Commission is acknowledging a recent filing requesting the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports (Proposal One). This document informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* May 3, 2021.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** David A. Trissell, General Counsel, at 202-789-6820.

#### SUPPLEMENTARY INFORMATION:

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##### I. Introduction

On March 11, 2021, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to

consider changes to analytical principles relating to periodic reports.<sup>1</sup> The Petition identifies the proposed analytical changes filed in this docket as Proposal One.

## **II. Proposal One**

*Background.* Proposal One is a request to change the methodology for estimating revenue, pieces, and weight for domestic products reported into the Revenue, Pieces, and Weight (RPW) Report. Petition at 2. The Postal Service cites the introduction of numerous census system sources over the last 10 years as reducing the need to rely on Origin-Destination Information System—Revenue, Pieces, and Weight (ODIS-RPW) sampling estimates. *Id.* The Postal Service states that its proposed methodology would enable significant reductions in manual data collection and the accompanying costs, while maintaining statistical reliability. *Id.* The Postal Service additionally filed under-seal materials related to RPW data for competitive products.<sup>2</sup>

*Proposal.* The Postal Service's proposal seeks to update its current RPW system used to generate the RPW report filed quarterly with the Commission in conformance with 39 CFR 3050.25. Petition at 2. The current system relies on a variety of source systems, including the ODIS-RPW probability sampling system.<sup>3</sup> The Postal Service's proposed methodology redesigns the non-digital sampling portion of ODIS-RPW and makes minor changes to the digital portion,

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), March 11, 2021 (Petition). The Postal Service also filed a notice of non-public materials relating to Proposal One. Notice of Filing of USPS-RM2021-3-NP1 and Application for Nonpublic Treatment, March 11, 2021.

<sup>2</sup> See Library Reference USPS-RM2021-3-NP1, March 11, 2021.

<sup>3</sup> *Id.* at 2-3. The Postal Service references Library References USPS-LR-L-16 and USPS-LR-L-17 in Docket No. R2006-1 as the most recent full documentation for the ODIS-RPW system. *Id.*

along with a two-thirds (for non-digital) and one-third (for digital) reduction in sampling size. *Id.* at 12.

The Postal Service notes that past reliance on ODIS-RPW for business decisions has been replaced by the alternative disaggregated data source Informed Visibility (IV), addressing the Commission's previous concern that alternative disaggregated data sources be developed prior to reducing the sampling size of ODIS-RPW. *Id.* at 11. Similarly, the current Service Performance Measurement (SPM) system does not rely on ODIS-RPW volumes, so service measurement would be unaffected by the proposed changes to ODIS-RPW. *See id.* at 11-12.

The proposed updates to ODIS-RPW include consolidation of non-digital sample areas from 189 to 10 to reduce the chance of the smaller sampling size creating strata with no usable tests. *Id.* at 13. Mail characteristic stratification are defined uniformly at the national level, and sample data would be pooled across sample areas to ensure a sufficient sample size for each of the twenty strata. *Id.* The Postal Service additionally proposes using a ratio estimator for the non-digital sample using total reference volume across letters, flats, and parcels as the auxiliary variable to obtain national estimates from the sampled data. *See id.* Updates to the digital sample areas are limited to the same consolidation of sample areas, and an increase in the number of stratum from five to six. *Id.* at 16.

Overall, the Postal Service proposes to reduce ODIS-RPW sample sizes from approximately 31,000 to 18,000 tests per quarter. *Id.* at 17. The Postal Service justifies this reduction by the proposed methodology changes and the fact that much of the Postal Service's mail product information, including RPW

reporting, now comes from census source systems. *Id.* The Postal Service would prefer to begin the reduced sampling starting July 1, 2021. *Id.*

*Rationale and impact.* The Postal Service justifies the proposed changes to ODIS-RPW as a comprehensive design that would “reduce sampling without compromising the integrity of the RPW program.” *Id.* at 18. The Postal Service states that estimates from ODIS-RPW, when combined with census source RPW information, would provide reliable and consistent information. *Id.* The Postal Service conducted simulation studies of the impact of the proposed changes and compared the results to census source data, and provides a table that shows the affected lines of the RPW report. *Id.* at 18-20. The Postal Service states that coefficients of variability impacted by the proposed change would grow from 2.3 percent to 2.9 percent quarterly, and 1.2 percent to 1.4 percent annually, noting that there is no universal standard for acceptable levels of variation. *Id.* at 20. The Postal Services states that it does not view the potential minor increases in variability for RPW reporting as a cause for concern, and further states that it sees little or no practical impact of its proposal on the accuracy or reliability of estimates generated for the RPW report. *Id.*

### **III. Notice and Comment**

The Commission establishes Docket No. RM2021-3 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission’s website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal One no later than May 3, 2021. Pursuant to 39 U.S.C. 505, Manon Boudreault is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

### **IV. Ordering Paragraphs**

*It is ordered:*

1. The Commission establishes Docket No. RM2021-3 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), filed March 11, 2021.

2. Comments by interested persons in this proceeding are due no later than May 3, 2021.<sup>4</sup>

3. Pursuant to 39 U.S.C. 505, the Commission appoints Manon Boudreault to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Erica A. Barker,**

*Secretary.*

[FR Doc. 2021-05831 Filed: 3/22/2021 8:45 am; Publication Date: 3/23/2021]

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<sup>4</sup> The Commission reminds interested persons that its revised and reorganized Rules of Practice and Procedure became effective April 20, 2020, and should be used in filings with the Commission after April 20, 2020. The new rules are available on the Commission's website and can be found in Order No. 5407. Docket No. RM2019-13, Order Reorganizing Commission Regulations and Amending Rules of Practice, January 16, 2020 (Order No. 5407).